

United States
Department of
Agriculture

*Rural Business-
Cooperative
Service*

Cooperative Services: What We Do— How We Work



Who We Are

The goal of the Cooperative Services program of USDA's Rural Business-Cooperative Service (RBS) is to help rural residents form new cooperative businesses and improve the operations of existing cooperatives. To accomplish this, Cooperative Services provides technical assistance to cooperatives and those thinking of forming cooperatives. It also conducts cooperative-related research and produces information products to promote public understanding of cooperatives.

RBS is part of USDA's Rural Development mission area, which was created in 1994 when USDA consolidated rural economic programs that had previously been scattered among various agencies. RBS encompasses the former Agricultural Cooperative Service and some of the business and economic development programs of the former Rural Development Administration and Rural Electrification Administration.

For most of the past century, USDA's cooperative assistance has been concentrated on agricultural cooperatives. While agricultural marketing and supply cooperatives remain a primary focus of USDA's efforts, RBS plans to gradually expand the cooperative program to include assistance to all types of rural cooperatives.

What Is a Cooperative?

User-owned cooperatives process and market products, purchase production supplies or consumer goods, provide housing and credit, build and operate rural utilities, and provide other services needed by rural residents. By working together for their mutual benefit in cooperatives, rural residents are often able to reduce costs, obtain services that might otherwise be unavailable, and achieve greater returns for their products.

Cooperatives, both rural and urban, have been part of the American economy for more than 100 years. By one estimate, nearly one-third of the population belongs to some type of cooperative. Application of the cooperative business structure in rural economies is virtually limitless.

Cooperative Development Assistance

Cooperative Services (CS) provides a wide range of assistance for people interested in forming new cooperatives. This help can range from an initial feasibility study to the creation and implementation of a business plan. CS staff includes cooperative development spe-

Technical Assistance

forces, in making a crucial decision whether to merge or form a joint venture with other cooperatives, finding a way to turn the raw products of cooperative members into value-added products. These matters are often life and death issues not only for a cooperative, but for the rural communities in which they operate.

CS can help improve a cooperative's business structure and operating efficiency. This work often involves an analysis of operations or assessing the economic feasibility of new facilities or adding new products or services. Studies cover the full range of decisionmaking facing cooperative business enterprises. Technical assistance is largely designed to benefit a specific cooperative business or group. However, the results often provide business strategy for all cooperatives.

Research

CS conducts research to provide a knowledge base necessary to support cooperatives dealing with changing markets and business trends. Studies include financial, structural, managerial, policy, member governance, legal, and social issues, as well as various other economic activities of cooperatives.

Research is designed to have direct application to

current and emerging requirements of cooperatives. A major challenge is to analyze industry structure and cooperative operational practices to determine the changes required to maintain or achieve a producer-oriented marketing system. Recent research studies have focused on equity redemption plans used by cooperatives, identification of new niche markets for cooperatives, and opportunities and obstacles cooperatives face when exporting goods overseas.

Education and Information

The Cooperative Marketing Act of 1926 mandates that USDA “promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge with educational and marketing agencies, cooperative associations, and others.” To meet this goal, CS provides a wide range of cooperative training programs and educational materials.

CS maintains a storehouse of information about cooperatives which it makes available to the public through more than 150 research reports, educational publications and videos which cover all aspects of cooperative operations. A monthly magazine, *Rural Cooperatives*, reports significant achievement by cooperatives, the most advanced thinking of cooperative leaders, and highlights of agency research, technical assistance, and educational activities.

History and Statistics

Cooperative statistics are collected to detect growth trends and changes in structure and operations. Data help identify and support research and technical assistance activities. This information is used extensively by legislative and executive branches of government in formulating agricultural and cooperative related policy.

How We Work

One CS specialist or a team may tackle a project. Most CS staff members are agricultural economists who have specialized in cooperative issues, including: cooperative business organization, cooperative law, finance, marketing, purchasing, international trade, strategic planning, member relations, and education.

Staff members use various data bases, conduct surveys by mail and telephone, and do on-site interviews —

walking in factory and field — to gather information. To reach an objective, CS may provide assistance directly or serve as a catalyst in bringing together the best available resources. CS works closely with specialists with other State and Federal agencies, cooperatives, and other public and private institutions.

Other RBS Programs

The rural business programs of RBS help provide financing to rural business owners, nonprofit organizations, cooperatives, public bodies, and Indian tribes for business ventures which create quality jobs and stimulate the economy of rural areas. RBS' Business and Industry (B&I) program creates partnerships with commercial lending institutions, the Farm Credit System and Farmer Mac to provide financing for qualified rural business enterprises, including cooperatives. This often takes the form of loan guarantees which bolster existing private credit structures in funding projects which foster lasting community benefits. This assistance is available to businesses in areas outside the boundary of urban areas with populations under 50,000.

The Rural Enterprise Grant program provides grants to public bodies and private, nonprofit organizations serving rural areas outside the boundary and adjacent urbanized area of a city with a population of 50,000 or more. Priority is given to applications from rural areas and towns with populations of 25,000 or less. These grants can finance small and emerging private businesses and cooperatives, or fund a revolving loan program.

The Rural Cooperative Development Grant program provides grants to public, nonprofit organizations and institutions of higher learning serving rural areas outside the boundary and adjacent urbanized area of a city with a population of 50,000. Grants may be made for the establishment and operation of centers for cooperative development.

For more information on these or other RBS' rural business programs, contact your state USDA/Rural Development office, or call the national RBS office in Washington, D.C., (202) 720-4323.

Other USDA Rural Development Programs

Other USDA rural development programs closely affiliated with RBS include:

- **The Office of Community Development of USDA Rural Development**, which helps rural communities identify rural development opportunities and formulate action plans.
- **The Alternative Agricultural Research and Commercialization (AARC) Center**, which encourages research and assists with the commercialization of new non-food uses of agricultural commodities. AARC's goal is to create jobs, enhance economic development of rural communities and diversify markets for raw agricultural and forestry products.
- **Rural Empowerment Zones and Communities**, an ambitious new USDA effort to revive the economies of some of the nation's most economically depressed rural areas. Three Rural Empowerment Zones (EZs) and 30 Rural Enterprise Communities (ECs) were selected in 1994 which are benefitting from special economic stimulus programs designed to help overcome persistently high poverty rates.

Where To Get More Co-op Information

For further information or assistance for cooperatives, contact:

USDA/RBS Cooperative Services

Stop 3250

Washington, D.C. 20250-3250

Telephone:

(202) 720-7558

FAX Number:

(202) 720-4641

E-mail: coopinfo@rurdev.usda.gov

website: <http://www.rurdev.usda.gov>

History Capsule of USDA Cooperative Assistance

Assisting agricultural cooperatives was an informal activity within the U.S. Department of Agriculture as early as 1867.

1901 • Information assembled as reference data on farmer cooperatives in the United States.

1912 • First official USDA project in agricultural cooperatives.

1913 • Office of Markets formed, cooperative activity included.

1922 • Assistance formalized as the Division of Agricultural Cooperation, Bureau of Agricultural Economics
1926 • Renamed Division of Cooperative Marketing.

1929 • Transferred to Federal Farm Board.

1933 • Transferred to new Farm Credit Administration (FCA), an independent agency, and later renamed Cooperative Research and Service Division.

1939 • FCA returned to USDA jurisdiction.

1953 • FCA again became an independent agency but Cooperative Research and Service Division remained with USDA and elevated to an agency, Farmer Cooperative Service (FCS).

1978 • FCS combined with Economic Research Service and Statistical Reporting Service to form a new agency, Economics, Statistics, and Cooperatives Service (ESCS)
1980 • Cooperative segment of ESCS returned to agency status as Agricultural Cooperative Service.

1994 • Agricultural Cooperative Service combined with Rural Development Administration (RDA) as its Cooperative Service.

1994 • RDA is merged into USDA's new, Rural Business-Cooperative Service, part of the Rural Development mission area of USDA.

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